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Deputy Director For Requirements and Evaluation
Intelligence Community Staff
Washington, D.C. 20505

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ICS 7124-88
17 June 1988



MEMORANDUM FOR: DDR&E Ad Hoc Steering Group

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SUBJECT: Next Steps on a "New" Problem

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1. This memorandum is for your information.

2. As many of you may know, I had to make a presentation a few weeks ago at the DCI's Senior Management Conference. [] gave a major portion of this session as well. The issue was "Setting Priorities." This occurred at the express direction of the DDCI. Attached is a copy of the key text from the agenda for this conference.

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3. I think this joint presentation went off fairly well. There was considerable discussion about the issue, including the practical and painful step of how to exactly go about setting priorities. Attached are a copy of my talking points (including a few ideas added at the table), as well as [] talking points.

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4. In the DCI's wrap-up comments, he identified this issue as one of the key things which US intelligence is going to have to engage in the coming weeks and months. We at the Intelligence Community Staff are thinking about this issue as well and I would be grateful for any ideas--both on the theory of setting priorities as well as how we actually go about doing it. I would appreciate any inputs by COB 8 July. It might be useful to have a discussion of this later in July.

5. Meanwhile, if I can do anything to help you, please call.

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Attachments:

- A. Agenda
- B. DDR&E Talking Points
- C. DD/ICS Talking Points

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SUBJECT: Next Steps on a "New" Problem

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1330-1430 Topic: Setting PrioritiesDiscussion Leader:

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The Intelligence Community is operating in a fiscally constrained environment which requires that close attention be given to relative priorities. In that context, the need for competitive analysis of intelligence questions will be discussed in this session. Emphasis will be placed on determining which issues really require multiple perspectives and, conversely, which issues can be assigned to a single agency or organization for analysis and production. The Community has also moved toward agreement that some new requirements cannot be taken on without sacrificing current work. Although some priorities for new activities and capabilities have been identified (in the National Foreign Intelligence Strategy, for example), little has been done to identify those areas that would be cut to make room for them--the low end of the scale. Discussion on this aspect of priorities will center on this low end and will seek to determine how to identify those subjects and areas where intelligence production should be stopped and if (how) the Community advises prospective consumers of this action.

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DDR&E Talking Points, DCI Off-Site Conference 5-6 June 1988

- o The fun part of this topic is not that we, in our own interest, have to do more on priorities--because of US budget pressures, US overseas commitments, and foreign developments. That all is clear and hard enough. The value of doing more obviously is high.

The really fun part is getting to the painful work of actually setting priorities (i.e., how? on what basis?) and of coping with its impact on our organizations.

- o The idea of "setting priorities" really encompasses three concepts about our activities or coverage:
 - Foregoing things at the margin.
 - Allocating things within our overall effort.
 - Enhancing or decreasing things.

Each is needed but are not guarantees of quality or accuracy. The rest of my talk applies to all three.

- o I have three basic, different ideas on implementation; namely, to use:
 - Existing requirements.
 - Existing priorities.
 - Assessed gaps.

Each is a way to achieve something useful; none is ideal.

My punchline is to use gaps for allocating, as well as enhancing or decreasing coverage, and to use priorities for foregoing coverage.

- o The first idea is to use the existing sets of National Intelligence Topics, and specific sets of requirements, beginning with the needs for production.

This collapses immediately because the topics and requirements have no sense of relative importance (or priority) associated with them.

- o The second idea is to use the existing priorities we have in the Intelligence Community's reference on priorities: DCID 1/2, also known as the Foreign Intelligence Requirements Categories and Priorities (FIRCAP).

The FIRCAP is a giant, computer-based matrix where topics--by country and issue--are ranked in priority to US interests on a numerical scale of 1 to 7 (with 1 meaning "vital to US national security").

One problem: a lot of surgery here won't necessarily free much cash.

For example, in the context of foregoing work, if we could limit our effort to FIRCAP entries on:

- All USSR topics.

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- The obvious "high-priority" topics (e.g., drugs, terrorism, et al).
- All topics identified as at least "considerable importance" to US political, economic, and military interests (i.e., priority 4 and higher).

Then we would be addressing about 30 percent of the about 10,600 entries.

My guess is that the annual cost of handling the remaining 70 percent is maybe as much as \$500 million.

Such draconian reductions in coverage do not seem plausible, or worthwhile.

- o This third idea is to use assessed gaps.

This is not easy because we do not have at present any comprehensive, Intelligence community references on gaps, although we are developing a capability to do so as fast as we can at the Intelligence Community Staff.

Moreover, this approach is labor intensive but could be done if we start with the priorities.

- o If I were King, I would use our prospective gaps, based on the key elements of the FIRCAP, stemming from our libraries of requirements, as the core from which we identify work we can safely and thoughtfully forego, or identify areas where we need to change emphasis.

This is exactly the kind of step we undertook--but for new investments--with the DCI study in mid-1987, for the Senate Select Committee on Intelligence, on strengthening our capabilities against the Soviet military in the 1990s.

And we have available for use an Intelligence Community-wide mechanism--involving producers, collectors, and systems procurement folks--to attack this issue in a multidisciplinary, comprehensive, and definitive manner.

- o As we move down some road here, however, we ought to want to apply the results in a sequential manner all the way back to collection.

- The idea being that if we are going to stop all or some of our analytic work on some issue----then we ought to also stop producing raw intelligence data and stop collection too.

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- In such a world, as long as remains sort of as it is, no one gets a dime to spend on the topic.

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- o And whatever we do, we will be revitalizing and using the SIG(I) mechanisms to keep our policy colleagues aware of what we think we are not going to be doing for them--they may want to try to change our minds.

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DD/ICS Talking Points

SETTING PRIORITIES

- o Future fiscal environment grim
 - Two percent real growth not likely to survive new administration and new Congress
 - Current deficit problem being systematically avoided until after the election
- o Necessary to rethink how we have been doing business
 - Unrealistic expectations from eight years of plenty
 - No new tasks without new resources
 - Ideal solutions versus make-do solutions
 - Fair share approaches versus critical path investments (priorities)
- o Courses of Action
 - Priority setting (will discuss) STAT
 - Technology migration
 - Capitalize on other's investments
 - Adapt rather than reinvent
 - Improve productivity
 - Prune overhead (Publications and graphics, management organizations, headquarters logistics)
 - Cross-agency cooperations (R&D, technology sharing, all-source tasking, and analysis)
- o Community cooperation is the key to better performance with scarce resources
 - Mechanisms must be found to pool
 - Technology
 - Expertise
 - Knowledge
 - Impediments
 - Bureaucratic barriers
 - "Not invented here" psychosis
 - Turf protectionism
 - The big "scoop" syndrome
 - The "INT" blinders